

**Software Developers Conference
June 5-6, 2003**

**Advance Child Tax Credit
Carolyn Tavenner**

Carolyn Tavenner provided the following information regarding the Advance Child Tax Credit:

Taxpayers don't need to do anything to get the credit. However, they must have filed and claimed a child tax credit in TY 2002, and the child must be a qualifying child.

We have determined that approximately 25 million taxpayers qualify for the credit. On July 25, 2003, we will begin to issue notices to the taxpayers, about 8 million each week, and the first checks will go out to about 8 million taxpayers on July 28. The majority of the 25 million notices and checks will be mailed out during the three week period..

Only paper checks will be sent out and they will be sent throughout the year. If a payment is not sent out by the end of December then the taxpayer will not get the advance payment but will be able to claim the additional child tax credit on the 2003 tax return if eligible. .

Taxpayers will get a notice that explains whether they are getting the full \$400 per child or less than \$400 per child advance payment. However if there are outstanding liabilities owed, the check will be reduced by any amount of tax federal or state income tax liability or other federal tax debt owed. .

Taxpayers can access their account under the Fact of Filing link at irs.gov to determine the amount of their check. This will be available approximately July 15. There will also be a special phone number on the notice that taxpayers can use to obtain the amount of the advance payment.

Checks will be mailed based on the last two digits of the SSN.

There could be delays based on audits, problems with returns, etc. If taxpayers have state or federal tax liabilities we will offset and non-tax liabilities may also cause offsets.

Taxpayers will be asked to keep notices regarding these checks because they will need the information to complete their 2003 return accurately if they claim the child tax credit. The child tax credit they claim on their 2003 return has to be reduced by the amount of the advance payment they received. If they filed jointly in 2002 but do not for 2003, each spouse has to reduce their 2003 child tax credit if both claim a child tax credit on their 2003 return by 50% of the amount of the advance payment they received based on filing a joint 2002 tax return..

Software developers asked the following questions:

Will IRS release consistent messages that allow software developers to put the messages in their software? Yes

If taxpayers are overpaid will we offset the overpayment in the following year? No, there could be unforeseeable circumstances which create a change in the status of a qualifying child from year to year.

Could the letters used for Advance Child Tax Credit be posted on the web site? They will be.